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"MY MOTHERLAND" SERIES No. 17

THE INDIAN RAILWAY OCTOPUS

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"MY MOTHERLAND" PAMPHLETS.

This series of Pamphlets is intended to convey to the reader within the briefest possible compass knowledge on subjects of permanent interest. A wide range will be covered, including biographies, new centres of enlightenment in India, health and economics.

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M. S. KAMATH,

Editor & Publisher.

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THE INDIAN RAILWAY OCTOPUS

Till quite recently, the railway authorities at Conjeevaram did not book local cotton goods for export without special permission.

That gives a fair idea of railway policy in India. Conjeevaram is an important centre of handloom weaving and as such the prosperity of the weavers, and therefore of the town depends largely on the export trade. Yet for reasons that require no mention, the railway authorities would not book the woven goods but there was no embargo on imports. Any amount of cotton goods could be booked to Conjeevaram and from any place in India—so that while the weavers had to withstand foreign competetion, they did not receive any facilities to compete against outside or foreign producers. They were hit both ways.

From the viewpoint of sanity, not to speak of patriotism, the railway policy ought to have been the reverse. Sepcial facilities should have been given for the export of local manufacture as against foreign competitors.

This Conjeevaram scandal constitutes by no means a solitary lapse. Railway policy in India had always been favourable to foreign producers as against the Indian. Happily that evil is passing. The ban on Conjeevaram weavers has vanished and the rates in respect of Indian manufactures are being steadily altered for the better, though the outlook even to-day is by no means satisfactory yet. For instance, quite recently the freight rates on coal have been so altered that mills even as far inland as Ahmedabad may find it advisable

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to import coal all the way from Britain or South Africa rather than from the adjacent Behar coal fields !

The Ruinous Start

This unfortunate outlook of the Railway authorities is largely a legacy of early days when the railways were owned and managed by non-Indian companies, who naturally safeguarded the interests of their own nationals rather than of Indians. And till quite recently, almost all the main railway lines were controlled from outside.

The start itself was thus bad. The State ought to have built the railways itself; and curiously enough, the arrangement with railway companies were such that one wonders why they were brought in at all! For instance, the companies were guaranteed profits to the tune of five per cent in addition to such facilities as free State lands. The Government could get money till recently at 3 to 3½ per cent, so that even if they had raised loans and built the railways, they would have, to start with, saved one and half to two per cent per annum! And the injustice to the tax-payer from this one-sided arrangement was demonstrated almost every year by the heavy loss on the working. In other words, to guarantee the five per cent profit, the Government had to pay out of general revenues heavy sums, often exceeding a crore and a half. And this loss continued till about 1900 when as a result largely of the adoption of saner policy later on, the loss vanished; but even to day it cannot be said that railways are paying their way—if this annual loss till 1900 and the cost of State lands given free be taken into account.

Ruinous Parsimony

In spite of all these facilities, the railways were not properly constructed—*i.e.*, the interests of the localities concerned were not safeguarded. Bengal has been the worst sufferer in this respect. No proper outlets were erected for the

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flow of rain water and small streams were even blocked up—creating most dangerous swamps and water-logging which, through malaria and other incidental evils, have desolated several areas that were once so fertile. In fact, but for the callousness of the railway constructors—which unfortunately continues to this day—malaria would not have at all obtained so fatal a strangle-hold on India as is experienced today.

And the railways themselves have been punished heavily for this crime. The numerous breaches that occur every winter in almost every province involve heavy recurring losses. Unfortunately even here, it is the tax-payer who suffers and the early constructors, whose mischief it was, have long ago retired from the scene with full profits.

Economic Harm

Though every school boy is asked to believe that railways constitute a boon to India, there can be no two opinions about the great economic harm they have done even where a specifically ant-Indian policy was not adopted as at Conjeevaram. Let us just see what happens when a new railway is opened. In the first place, all local means of transport vanish—chiefly the bullock carts, which are so valuable not only to supplement the income of the rural areas but for purposes of agriculture. Hundreds of ryots to whom the maintenance of a pair of bulls would be too heavy a burden because of the smallness of their land to be cultivated, were able to own them because of these carts which maintained the bulls; and their dung supplied a valuable manure. The first result of opening the railways was to banish the carts and the bulls.

Next came the death of local handicrafts. Even in the case of such articles as harvesting scythes, which till then were locally manufactured, the foreign makers now found it possible to place on the rural market. In fact, the skilled

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artisan vanished all along the line in the wake of these railways.

Finally came the drain of produce. Ever in need of money—to pay the revenue or the money-lender,—the ryot has to part with his produce the moment it is harvested and thanks to the railway, the grain goes almost at once to the exporting port. The result is that even in fertile areas like our Deltas or Bengal, scarcity of food stuff is a chronic complaint in the winter months. The food-crops they grow do not become available for their own use.

Relief that was Denied

To a large extent, these evils must inevitably follow the construction of railways; but if the State had been on guard, the harm could have been considerably minimised. For instance, through co-operative banks, and export duties, the drain of local food stuffs could be checked. And by judicious tariffs, the in-road of competitive foreign produce could be rendered far less painful. And by compelling the railways to make proper outlets for rain water or to fill the pits excavated to raise the railway embankments, the water-logging of the areas traversed by the railways could be prevented.

Another serious evil that was overlooked by the early constructors was the creation of different gauges—*i.e.*, railway lines of different widths. Owing to such divergence if a person has to send goods from Nellore to Conjeevaram, they have to be transhipped in the way causing needless loss to the trader.

It is however no use crying over spilt milk—the wasted crores and the avoidable ruin caused to the countryside. The issue to-day is whether all that harm can be undone—at east whether the railways can be made useful for India's conomic prosperity in the future.

Extent of the Estate.

Before, however, we proceed to that discussion, let us have a picture of the railways as they are.

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The total length of railways to-day is about 42,000 miles of which 3600 have two lines or more.

The capital outlay is about 860 crores.

The gross earnings in 1928-29 were 118 crores and in 1929-30 116 crores and the working expenses 73 and 76 crores respectively.

Incidentally, please note that when the income fell by two crores the expenses went up by three crores—a typical sample of the extra-efficiency that we find on Indian railways.

To continue the narrative, the passengers carried in 1929-30 numbered 634 millions and their fares came to 38 crores of rupees.

The earnings on goods traffic came to 68 crores in 1929-30; and the total number of employees 819,858.

The net income to the State in 1929-30 was as follows :—

	Lakhs
Contribution at 1 per cent. on capital charge ...	591
One-fifth of surplus ...	118
Total contribution ...	780
Deduct loss on military lines ...	168
Net payment to general revenues ...	611

It will be evident from these figures what a vast estate the State has in these railways. An improvemont of even ten per cent. in the income or a similar saving in the expenses will mean relief to the taxpayer in crores; and as will be shown shortly, that is quite feasible. In fact, under Swaraj India, the railways will not only be run on lines more beneficial to India economically but the return to the State can be and is sure to be improved very considerably.

A Radically Wrong Policy

The most urgent reform which the Indian railways need is in respect of freight rates. They have to be so changed as to bring in a larger income from inland trade. The railway companies have overlooked so far the obvious fact that they stand

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to gain by speeding up local production. For instance, if India is supplied with locally produced cloth instead of from Lancashire or Japan, the gain to the railways themselves will be mainfold. Their income will be the same on the piece-goods themselves. At the same time, the traffic for railways will increase in other lines—import of cotton from the producing centre, the supply of coal from the mines, and scores of minor ways.

So, in the first instance, railways must so adjust their freight rates as to secure the maximum possible facilities to Indian manufactures; and let it be noted that while the transport trade in these is permanent, that in foreign imports is precarious and subject to several vissicitudes.

The Correct Outlook

Secondly, rates should be so adjusted as to keep the maximum possible traffic within the country. The aim of this reform will be clear from the present position of the wheat trade in India.

The Punjab sends out a large quantity of wheat to Europe. At the some time, several provinces, notably Bengal and Madras, import wheat from Australia or other countries. This anomaly is by no means due to the difference in prices For if Australian wheat be cheaper than Indian, the outside market for the latter will vanish. Australia will replace Indian wheat in Europe. The imports into Bengal are due largely to the suicidal railway policy, which by its foolish manipulations, encourages the despatch of Punjab wheat to Karachi rather than to Calcutta. It is believed that this policy is intended for the benefit of foreign shippers from Karachi. Whether that be the motive or not, it cannot be denied that the railway policy is foolish. The railways will gain immensely if they so alter their freight rates as to discourage transit to Karachi and encourage the despatch to Bengal or South India. This

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arrangement may involve a slight loss at first; but the compensation will soon be far greater. Moreover, even the initial loss can be avoided if the State will impose an adequate import duty on foreign wheat. But that should be done only in conjunction with a reorganization of railway freights, so that the consumer in Bengal or Madras may not be put to great loss.

Similarly the railways and the State must see to it that foreign coal does not come into India. The freight charges should be so altered as to secure the maximum possible traffic in the long run to the Indian railways themselves.

Loss on Passenger Traffic

Far greater will be the gain to the Indian railways and therefore to the tax-payer by the pursuit of a sensible policy in passenger traffic.

This is an issue of such great importance—but at the some time it is so inadequately grasped even in non-official circles,—that a somewhat detailed exposition is necessary.

In 1929-30, the last year for which detailed figures are available, the income from this source was as follows:—

		Rs in lakhs.
First Class	...	101
Second Class	...	183
Intermediate	...	158
Third Class	...	3,411

That is, out of a total of 38 crores, thirty-four came from third class passengers.

The next point to be noted is the seating accommodation and the passengers carried :

	Seats Provided.	Passengers
First Class	33,600	804,000
Second ,,	52,000	9,125,000
Inter ,,	77,300	17,900,000
Third ,,	1,040,100	606,468,000

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In other words, while every available seat in the third class is used by nearly 600 passengers in a year, a seat in the first class is used by only about twenty-five. Analysing further while the railways carry nearly twice the number of third class passengers daily for which accommodation is provided, the first class seat is empty on an average for eleven months in the year! It is not occupied for even one month in all—only 25 times in a year. On all other days, it is maintained and hauled up at a net loss to the State. It may be that first class pessengers travel longer distances than the third; even then the loss is enormous.

An Inexcusable Waste

There is one other way of estimating the extent of this loss. On mail trains, the higher class compartments occupy half to a third of the total length. Passenger and slow trains reserve only a fourth to a sixth to those classes. There are trains in which there is no third class accommodation at all except for servants. On an average, it will be correct to say that a fourth of the train is reserved for the higher classes. That being so, the income from these classes must be a fourth of the total; but what is the case? In actual receipts, they pay only a ninth of the total. In other words, whereas they should pay about 11 crores to the State, the higher class passengers pay only four croses—thus causing a loss of seven crores per annum.

On what grounds can this loss be justified? For the sake of the higher class passengers, why should the State forego seven crores? No justification has so far been given for this outrageous scandal.

Considerations of equity demand that the rich should pay for the benefit of the poor. On Indian railways that rule is reversed. It is the poor that are fleeced for the benefit of the rich. The poor are herded together in ill-kept third class compartments, invariably over-crowded, so that the rich may have comforts for which they do not even

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adequately pay. In a public concern, there can be no justification for differentiation between the rich and the poor; and that would be excusable if for the comforts they enjoy the rich pay as handsomely as the poor ; but they don't. The comforts that are created for them are out of all proportion to the payment they make and what is worse, in the case of the poor, the fares exacted are cruel in the exterme. They are not even provided with adequate seating accommodation!

It is here that we find the Indian railways at the worst and the only excuse one can think of is that the bosses have appropriated to themselves special comforts at the cost of the inarticulate masses—a policy for which there can be no justification, morally or commercially.

Have only one Class

Just consider for yourself how happy will be the position if all higher class seats be abolished—if the railways provided only one type of accommodation—call it the first or third as you please. In the first place, the comforts of the vast majority of passengers will increase. It is inconceivable that the railway company will permit such overcrowding or such filthiness as is now prevalent if the bosses are to participate in the same. And increased conveniences will mean increased travel and therefore more money to the railways.

Such a sane and non-discriminating policy will not mean any hardship even to the big folk. If they desire extra comforts, let them reserve compartments or carriages for themselves. By that arrangement, they can have all the comforts they need. At the same time, the State will not be put to any loss.

As already shown, the net saving from such a procedure will be at least seven crores. In actual practice, the gain will be far larger. Moreover, a good lot will be saved in the sphere of construction. It is far cheaper to build third

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class carriages and all that are built will be put to use. There will be no loss from non-use, as is now the case in higher class carriages.

For Propaganda

This craze to pamper for the comforts of big folk is seen at its worst in the case of tourists and passengers by the mail steamer. For the convenience of the latter, a lavishly equipped special is run all the way from Bombay to Calcutta. It is not at all likely that it pays its way even when it is full and on most occasions, it is not full. In a poor country like India, what justification can there be for much waste ?

In the case of foreign tourists the position is far worse. The rolling stock intended for them lies idle for most of the year and even when it is in use, the profit cannot be large as it provides only high class accommodation.

What is worse, to secure this traffic, quite a lot of money is spent in foreign countries, even in America, by way of advertisement. That is a pure waste and ought to be given up at once.

One can however understand why money is thus wasted on big folk. The railway managements are anxious to create a good opinion about their solicitude for visitors from foreign countries. Assuming that the present arrangement leads to such propaganda, it is not clear how India benefits thereby. In any case it is certainly not worth spending lakhs of rupees for securing the appreciation of foreigners.

Charity begins at home. If the railway authorities will recognise that much, all this inexcusable waste of public funds will vanish.

These two are the most important sources of income—the reorganisation of freight rates and the abolition of higher class travel. The additional income from the first source cannot be estimated to any precision; and to start with, it will depend largely on the extent of backing the new policy receives

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in the shape of import duties. But in the long run, the gain will be considerable, several crores ; and the impetus to the economic progress of the country will be far more decisive.

A Pound Foolish Policy

In two other directions, the present railway policy stands in need of urgent change—towards the employees and in its purchases. In respect of its employees, the present procedure is pound foolish and penny wise. Most of the Indian employees are paid so low that they are compelled to look to other sources of income and most of these are secured at the expense of the railways themselves. Persons are allowed to travel free. Luggage is charged or marked low and even in goods, the weight is not properly recorded. This scandal must end even at some cost ; but in actual practice the railways will gain immensely by permitting its employees to lead an honest life.

If in respect of Indian employees the railways are parsimonious, they go to the other extreme for the benefit of non-Indians. They are employed at very high salaries, though for a smaller pay one can get far abler Indians. The equipment of some of these imported onlookers--many of them are really onlookers—is notorius and forms the subject of many jokes in railway offices. For instance, when an Indian once asked for casual leave, the boss wrote on the application—"no vacancy"—meaning thereby that no relieving hand was available.

The Purchases Scandal

Finally we come to purchases, where again, the policy of our railways has been most objectionable. The most notorious case is that of the surplus purchase of railway materials after the war to the tune of several crores—and that at a time when prices were at the highest! It is doubtful whether railways in any other country can supply a parallel to this

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scandal and be it placed on record that while none were punished for that loss to the Indian taxpayer, the gentleman in whose department the scandal occurred was soon promoted as governor.

So well are their workshops equipped that it should not be necessary to import any articles for our railways. And if the management should be asked to make all possible purchases in India alone, the outlay on this score will materially decrease. Here is an instance to show how the essential interests of India are overlooked in this sphere. When its workshops were inadequately equipped, one Railway obtained its locomotives in essential parts and fitted them up here. But after the workshops were improved, some of the locomotives were imported in completed condition!

What justification can there be for it?

Equally unfair it is to India that railway companies should go in for steel sleepers when wooden sleepers from Indian forests will serve their purpose far better, or that they should get a costly steel coaches when wooden carriages are quite as good. At present, some at least of the railway managements seem to think that they would be failing in their duty if they do not recruit as many non-Indians as possible and buy as large a portion of their requirements as possible from other countries. That mentality must cease. They must realise that their first and last duty is to India.

"Private" Management

Just as in the early days of railway management, the Government went out of the way to guarantee five per cent profit to the private companies when they could themselves obtain funds for construction at a lower rate of interest, there is at present an arrangement with some companies to manage the lines. The capital is that of the State. The Companies come in only to have a share of the profits. One wonders why the tax-payer is asked to forego that big sum.

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What is the contribution on the part of the Companies? The management is done by the Agent here and he can work as well under the Railway Board.

No one claims that the G.I.P. is less efficiently managed by the State than the lines under company management. That being so, why is that costly farce kept up?

So far as the public are aware, this Company management serves no useful purpose, though it cannot be said that no harm is done beyond the payment of a share of the profits. Important problems have to be referred to the Board of Directors thousands of miles away; and most of them have no first-hand knowledge of India of to-day. All these questions can be more easily and more advantageously disposed of by the Railway Board here.

Of course, to the Directors, the arrangement is useful. In addition to the gift of the profits, they have good scope to obtain employment to "boys" in whom they are interested and in the purchase of stores. But those are "benefits" in which India is not interested; in fact, India requires that such patronage is exercised here and for the benefit of the children of the soil.

Happily, this incubus will soon vanish. The Government of India is committed to the policy of terminating this harmful arrangement with the private companies at the first available opportunity and when that is done, there will be some more relief to the tax-payer.

When all these lines are taken over by the State, other economies and improvements will naturally be possible. There will be less overlapping and greater co-operation between the various lines, with better pooling of resources, which will be greatly facilitated if the various gauges are linked between themselves. But all these are administrative improvements which are even now receiving the attention of the Railway Board—though the rate of advance is too slow.

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